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MATT BLUNT
GOVERNOR

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January 24, 2007

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

When Missourians elected me to serve as Governor, I pledged to work with you to move Missouri in a new direction. Two years later, we have made tremendous strides in fulfilling this pledge to the citizens of our great state. My top priorities continue to be: education; health care reform; economic growth; and government accountability. We have put children first by making education our highest priority. We have implemented policies that are spurring economic growth, allowing the creation and retention of family-supporting jobs. We are working to increase access to affordable, quality health care. We have modernized state government and made it more efficient. The path has not always been easy, but we have changed course to bring the state's priorities together with the people's priorities. For the third year in a row, I present you with a balanced budget; a budget that puts Missouri families first.

With my Fiscal Year 2008 budget, our schools will again receive full funding of the school foundation formula – a good formula that is sensible, equitable, and based on students' needs. We also recognize that higher education is a vital investment in our future. In my budget, our colleges and universities will receive a substantial increase that will be accompanied by a proposal requiring better accountability and performance standards, for those schools.

My budget will make a significant investment in improving Missourians' access to quality health care and reducing the number of uninsured. My budget recommendation includes increased funding to maintain health care coverage for the more than 825,000 Missourians who depend on taxpayers for their health care. I am also proposing funding for the foundation of the new MO HealthNet program to transform Missouri's health care safety net for people with low incomes into a program that delivers better access, better quality and promotes better health to those it serves. I am also recommending \$60 million to fund capital projects for Federally Qualified Health Centers (FQHCs) that will improve access to care for low income, uninsured and rural Missourians. The Fiscal Year 2008 budget continues to emphasize the importance of health care information technology and provides additional funding to ensure the safety of individuals within Missouri's mental health system.

My budget plan is again built on the belief that government, like the citizens it serves, must live within its means. I will continue to work with my cabinet to ensure we are good stewards of tax dollars and that services are delivered in the most effective and efficient manner possible. Finally, I believe state resources have been generated by our pro-jobs, pro-growth economic policies, enabling us to provide tax relief for Missouri seniors by ending the cuts to their Social Security. In addition, I propose a tax deduction for individuals who plan for their future by purchasing long-term care insurance. I look forward to working with everyone to enact my Fiscal Year 2008 budget and accompanying legislative initiatives.

Sincerely,

A handwritten signature in black ink that reads "Matt Blunt".

Matt Blunt

Executive Summary

Governor Matt Blunt's Fiscal Year 2008 Budget

To make our students and education the state's number one priority, Governor Blunt recommends the following increases:

- \$132.6 million to fully fund the foundation formula.
- \$39.5 million for Missouri's public two- and four-year colleges and universities.
- \$27.9 million for the School District Trust Fund distribution of state sales tax to local school districts.
- \$20.4 million for the state's scholarship programs, allowing additional students access to higher education and encouraging the state's top academic achievers to attend Missouri institutions.
- \$6 million for the High Need Program, which reimburses school districts based on student needs.
- \$3.6 million for the A+ Schools Program.
- \$2.9 million to expand the eMINTS program to 100 classrooms in 100 different schools and focus on math and science curriculum. eMINTS integrates technology and core curriculum in the classroom.
- \$2.6 million for the new Virtual Schools Program.
- \$2 million for the Parents as Teachers Program.
- \$2 million to develop a cooperative School of Engineering between the University of Missouri-Rolla and Missouri State University in Springfield (includes Fiscal Year 2007 supplemental funding).
- \$1 million for Afterschool programs expansion with emphasis on math and science, as well as health and wellness.
- \$510,571 for Character Education programs that address school safety issues.
- \$477,626 for the Career Ladder Program.
- \$250,000 for the Advanced Placement program to provide up to 50 percent reimbursement for students taking math or science exams.
- \$175,000 for Urban Flight and Rural Needs scholarships that provide funding for Missouri students pursuing careers in elementary and secondary education.

For Missouri's children, Governor Blunt recommends the following increases:

- \$12.5 million for the School Food Program, which provides nutritious meals in Missouri schools.
- \$5.7 million to provide child care for working families who earn less than 112 percent of the federal poverty level. This funding will ensure no qualified Missouri family will wait for child care.
- \$5.7 million to provide additional placements through the Adoption Subsidy and Subsidized Guardianship programs, which provide permanent homes for abused and neglected children.
- \$3.9 million for autism services to reduce waiting lists for diagnostic services, expand regional treatment services for children, and help develop an intensive day treatment pilot project.

- \$3.3 million to contract with county prosecuting attorney's offices for the enforcement of obligations for delinquent child support payments from parents.
- \$3.2 million to provide an increase in payments to service providers of residential care for abused and neglected children.
- \$2.1 million to assist the state's child welfare program in achieving national accreditation.

To create high-quality, family supporting jobs in Missouri, the Governor recommends the following increases:

- \$35.7 million directed towards agricultural research.
- \$10 million for a Vehicle and Power Center at Linn State Technical College, which will train students for high-paying jobs in the transportation, heavy equipment, and power industries.
- \$7.5 million distributed to enhance cultural opportunities in the state through the Missouri Arts Council, Missouri Humanities Council, Missouri Public Television Broadcasting Corporation, Missouri State Library Network, and the Historic Preservation Revolving Fund.
- \$4 million for port authority capital improvement projects that will improve the state's economic infrastructure and the ability to transport Missouri goods to market.
- \$3.5 million for the Missouri Job Development Fund, which provides job training primarily through Missouri's community colleges.
- \$2.9 million to promote Missouri through the state's tourism industry.
- \$2.7 million for MODESA (Missouri Downtown Economic Stimulus Act) to facilitate the redevelopment of downtown areas and create jobs by providing essential public infrastructure.
- \$125,000 for Innovation Centers, which increase the state's commitment to create new knowledge, accelerate the transfer of knowledge to the marketplace, and promote the growth of entrepreneurial firms.

For safe and efficient transportation, Governor Blunt recommends the following increases:

- \$403 million for road and bridge construction and maintenance.
- \$5.7 million for federal Transportation Enhancement Program funds to be used to enhance transportation options throughout the state.
- \$2 million for grants aimed at reducing death, injury, and property damage on state highways.
- \$800,000 to maintain twice-daily passenger rail service between St. Louis and Kansas City.
- \$700,000 for employment-related transportation to welfare recipients and other low-income individuals through the federal Job Access and Reverse Commute Transit Program.
- \$457,322 for additional transit grants to non-urbanized areas of the state and small city transit systems that provide access to medical care, social services, and employment.

To improve care and transform Missouri's health care safety net to the new MO HealthNet program, the Governor recommends the following increases:

- \$52.9 million to improve access to health care providers serving low-income Missourians.
- \$32.6 million to provide an annual health risk assessment for MO HealthNet recipients.
- \$26.5 million to make health care coverage affordable to lower-income Missourians.
- \$7.8 million to expand health care coverage to families through the State Children's Health Insurance Program (SCHIP).
- \$5 million to help MO HealthNet participants choose a health care home.
- \$2.9 million to fund pay-for-performance incentives to providers participating in the Chronic Care Improvement Program.
- \$1.7 million to extend health care benefits to foster children until their 21st birthday.
- \$1.5 million to assist custodial parents on MO HealthNet achieve self-sufficiency.

To improve Missourians' health, the Governor recommends the following increases:

- \$40.6 million to modernize the state's Medicaid payment system.
- \$8.7 million to purchase antiviral medications for use in the event of a pandemic flu outbreak (included in the Fiscal Year 2007 supplemental budget).
- \$5 million for enhancing information technology at Federally Qualified Health Centers (FQHCs) by building an electronic health records system.
- \$2.5 million to support a secure, statewide database creating electronic health records.
- \$1.7 million for the state's health lab, including funds for additional newborn screenings.
- \$1 million to modernize nursing assistant registries maintained by the state.
- \$1 million to expand the state's tobacco prevention efforts, focusing on children.
- \$850,000 for a Laboratory Information Management System for the state's health lab.
- \$840,000 for continued operation of the successful Missouri Telehealth Network, which enhances access to medical care to people in underserved areas.
- \$300,000 to enhance the Family Care Safety Registry, which provides background screenings requested by long-term care facilities, home health agencies, mental health agencies, and child care centers.
- \$230,000 to update the Bureau of Narcotics and Dangerous Drugs registration database and coordinate with the federal Drug Enforcement Administration.

To improve the state's mental health system, Governor Blunt recommends the following increases:

- \$9.4 million to improve staffing at the state's habilitation centers and provide additional funding for clients transitioning to the community.
- \$3.7 million to coordinate services for persons with mental retardation and developmental disabilities around the state.
- \$3.6 million to improve services provided to psychiatric clients at Fulton State Hospital.
- \$2.8 million to implement the Mental Health Transformation Grant and develop a plan for improved mental health care delivery in Missouri.
- \$2.5 million to develop integrated home and community-based services for children and youth with serious emotional disturbances, and their families through the Circle of H.O.P.E. grant.
- \$2.5 million to advance health information technologies that improve the overall health of individuals with psychiatric and medical illnesses.
- \$2 million to provide services to additional low-income mental health clients.
- \$1.9 million for a pay increase for direct care staff in mental health facilities.
- \$1.4 million to provide Department of Mental Health stakeholders better access to data and provide performance information.
- \$750,000 to develop a pilot project between the FQHCs and community mental health centers around the state to coordinate physical and behavioral health care services.
- \$500,000 to provide additional staff training and development on client safety issues.
- \$300,000 to support the accreditation of the state's facilities for the developmentally disabled.

For seniors and disabled Missourians, the Governor recommends the following increases:

- \$26.5 million to improve care delivered to seniors and disabled Missourians in nursing home settings.
- \$20.2 million to provide medical care for employed, disabled clients.
- \$12.6 million to improve the quality of care being delivered to individuals receiving in-home services.
- \$5 million for the Special Education Grant Program.
- \$1.5 million to assist the visually impaired.
- \$976,395 to assist visually impaired students transition to college and provide outreach services.
- \$300,000 for transportation services and public transportation alternatives to assist persons with disabilities through the federal New Freedom Transit Program.
- \$122,708 to assist non-profit agencies serving senior citizens and persons with disabilities.
- \$10,095 to provide automatic speech recognition technology for the Commission for the Deaf.

To protect Missouri families, assist Missouri's law enforcement officials, and prevent crime, Governor Blunt recommends the following increases:

- \$8.1 million to begin implementation of a statewide interoperable radio system that will improve communication and public safety. The system will make sure law enforcement, public safety workers, and local officials can better communicate during an emergency or natural disaster.
- \$3.5 million to expand state crime lab services in the City of Springfield and Jasper County.
- \$2 million to replace equipment for the Water Patrol.
- \$1 million for a new fingerprint application identification system that will speed the state's processing of background checks.
- \$500,000 to provide grants to law enforcement agencies fighting child exploitation on the Internet.
- \$237,456 to assist state and local agencies in developing and maintaining effective hazard mitigation plans and logistical capability for disaster response and recovery.
- \$217,836 for the Missouri Information Analysis Center to assist in coordinating homeland security information.
- \$150,000 to improve services for victims of domestic violence by expanding the statewide victim notification system to include orders of protection.
- \$100,000 to enable background checks via the Internet, reducing wait time for employers and other requesting parties.

To protect Missourians and aid in the rehabilitation of offenders, the Governor recommends the following increases:

- \$1.8 million for additional contracted community facilities to monitor offenders on parole.
- \$1.7 million to upgrade computer networks at various adult correctional institutions.
- \$1.5 million to operate an additional unit to confine sexual offenders.
- \$800,000 for additional substance abuse treatment services for offenders.
- \$266,700 for laptop computers to improve the efficiency of Probation and Parole staff by allowing remote access to the Offender Management Information System.
- \$240,000 for victim impact education for offenders.
- \$125,350 to provide case management, psychiatric services, and medication assistance for offenders in community supervision.

To protect innocent life, Governor Blunt recommends the following:

- \$760,000 to maintain the current level of funding for the Alternatives to Abortion Program.
- \$200,000 in additional funding for the Alternatives to Abortion Program.

To support Missouri's agriculture industry, Governor Blunt recommends the following increases:

- \$28.5 million to the Missouri Qualified Biodiesel Producer Incentive Fund to honor obligations for biodiesel production payments.
- \$6.4 million to the Missouri Qualified Fuel Ethanol Producer Incentive Fund to honor obligations for ethanol production payments.
- \$5.1 million to fulfill all commitments made in previous years to ethanol producers (included in the Fiscal Year 2007 supplemental budget).
- \$710,909 to replace laboratory equipment and supplies for the Division of Plant Industries.
- \$286,563 to replace commodity scale inspection trucks for the Division of Weights and Measures.
- \$198,000 for improved technologies to enhance disease surveillance in Missouri's livestock markets.
- \$108,100 to expand the state's Meat and Poultry Inspection Program.
- \$83,766 to improve efficiency of Weights and Measures staff by allowing them to conduct regulatory functions at the site of inspection.

To protect Missouri's environment, Governor Blunt recommends the following increases:

- \$8.9 million for debt service requirements and associated costs to issue \$50 million in additional Water Pollution Control Bonds. The bonds will fund water quality grants and loans to communities throughout the state that will control water pollution, and improve water supply and sewer systems.
- \$1.1 million to continue current funding for the environmental emergency response program, which responds to emergencies that threaten the environment.
- \$585,600 to explore alternative energy production projects that will help preserve Missouri's environment.
- \$460,213 to provide additional support for safe drinking water testing.

To care for Missouri's veterans and emphasize Missouri's commitment to those who serve in the military, Governor Blunt recommends the following increases:

- \$5 million to maintain the quality services provided to veterans residing in Missouri veterans' homes.
- \$4.5 million for equipment upgrades in veterans' homes throughout the state.
- \$1.2 million for increased medical costs at veterans' homes.
- \$543,721 to add Vietnam War veterans to those recognized by the state for their service to our country.

To maintain a high-performing, efficient workforce, Governor Blunt recommends the following increases:

- \$74.1 million for a three percent pay raise for all employees.
- \$15 million to recognize the liability of future retiree health care costs. Pre-funding this liability is key to sound financial management, protecting the state's bond rating, and ensuring compliance with Governmental Accounting Standards Board statements.
- \$754,537 to provide pay raises for critical state positions with high turnover rates.

2007 / Fiscal Year 2008 Priorities

Increased Funding for Education

Governor Blunt has made education the state's top public policy and budget priority. Investing in Missouri's students is an investment in Missouri's future. Governor Blunt recommends a \$214 million increase for Missouri elementary and secondary education, which includes:

- \$132.6 million to continue full funding of the foundation formula.
- \$38.7 million for the foundation formula (included in the Fiscal Year 2007 supplemental budget).
- \$27.9 million for the School District Trust Fund distributions to local school districts.
- \$6 million for the High Need Program, which reimburses school districts based on student needs.
- \$3.6 million for the A+ Schools Program.
- \$2.6 million for the new Missouri Virtual School Program.
- \$2 million for the Parents as Teachers Program.
- \$477,626 for the Career Ladder Program.



2007 Legislative & Budget Priorities Lewis and Clark Discovery Initiative

In 2007, Governor Blunt recommends the following as essential components of the vision of the Lewis and Clark Discovery Initiative:

- Quick validation of the Lewis and Clark Discovery Initiative Cooperative Agreement to allow the \$335 million in higher education capital improvement projects to get underway as soon as possible and provide \$15 million for the Missouri Technology Corporation to attract and retain high technology companies and commercialize existing research.

The Governor's budget includes the following items:

- \$25 million for Missouri's need-based financial aid programs (included in the Fiscal Year 2007 supplemental budget).
- \$3.4 million for expansion of the Primary Care Resource Initiative (PRIMO) scholarship and Area Health Education Centers (AHEC) program. Both programs promote health care accessibility in underserved areas of the state by recruiting and helping students seeking health care careers (included in the Fiscal Year 2007 supplemental budget).
- \$60 million to provide equipment and infrastructure costs for Federally Qualified Health Centers (FQHCs) throughout the state. These centers provide comprehensive primary care to low-income and medically underserved urban and rural communities and work closely with Missouri's higher education institutions (included in the Fiscal Year 2007 supplemental budget).

Putting Missouri's Children and Students First

“Missouri’s future prosperity and greatness rests firmly on the shoulders of Missouri’s children. As parents, policymakers, and leaders we strive to give them a safe path to walk and a firm footing in education from which to climb.”

- Matt Blunt

2007 / Fiscal Year 2008 Priorities Continued

2007 Legislative & Budget Priorities Higher Education Improvement and Accountability

Governor Blunt recognizes the importance of higher education in ensuring that young Missourians are prepared for a global, high-tech economy. To improve higher education, Governor Blunt proposes:

- Simplifying our current Missouri College Guarantee and Charles E. Gallagher grant and scholarship programs; the two programs will be combined into a new, need-based scholarship program called Access Missouri.
- \$20 million increase for what will be the new Access Missouri program.
- \$39.5 million increase for Missouri’s two- and four- year public colleges and universities.
- Developing performance measures for institutions that will enforce accountability to students and Missouri taxpayers.
- A tuition accountability plan that prevents Missouri higher education institutions from increasing tuition above the Consumer Price Index unless approved by the Coordinating Board of Higher Education.
- Articulation agreements allowing smoother transitions for students moving from Missouri two-year institutions to four-year institutions.

Improving METS Education

To continue progress made toward improving METS (Math, Engineering, Technology, and Science) education in Missouri, Governor Blunt proposes:

- \$2.9 million to expand eMINTS (enhancing Missouri’s Instructional Networked Teaching Strategies), which will provide technology to 100 additional classrooms in 100 different schools.
- \$500,000 for an Afterschool Program expansion in the areas of math and science.
- \$500,000 for an Afterschool Program expansion for health.
- \$250,000 for assistance to students for Advanced Placement course testing in math and science.

2006 Successes

Increased Funding for Missouri Schools

When Governor Blunt was a candidate, he pledged that he would make education his highest priority and never withhold funds from classrooms, as was done in the past. The Fiscal Year 2007 budget, combined with the increases in Fiscal Year 2006, amounts to growth of more than a quarter of a billion dollars for education.

The Fiscal Year 2007 Budget fully funded the new foundation formula. Missouri's new formula focuses on the needs of Missouri's students instead of the taxing capacity of a school district. In 2005, the General Assembly fulfilled its job to provide a fair funding mechanism for Missouri schools by writing a new formula; in 2006, the Governor and the General Assembly followed through on their promise to fully fund the new formula. These increases, combined with Governor Blunt's Fiscal Year 2008 recommendations, will provide more than half a billion additional dollars for Missouri schools.

Increases in the Fiscal Year 2007 Budget

The Governor secured an increase of \$173.4 million for elementary and secondary education in the Fiscal Year 2007 budget, including:

- \$127.9 million for the new Foundation Equity Formula.
- \$15 million for the Small Schools Program.
- \$21.6 million for the School District Trust Fund distribution to school districts.
- \$6.1 million to educate severely disabled children that require contractual placements.
- \$1.8 million for A+ Schools.
- \$1 million for Parents as Teachers.

Governor Blunt also approved the following increases for higher education:

- \$20 million for state aid at Missouri's public higher education institutions.
- \$2.5 million for student financial aid programs, bringing total funding to \$43.4 million.

**Math,
Engineering,
Technology, and
Science (METS)
Education
Initiative**

As a result of the Governor's Math and Science Summit in April 2006, strategic goals were developed into an action plan to help more students prepare for the workforce in the METS areas. The plan includes increasing the pool of qualified METS teachers for preschool through grade 20 to provide better alignment for students. The plan will also enhance technology available to assist in school instruction through the eMINTS program and ensure that students are not only being taught, but that they are acquiring knowledge. Under the plan, a coalition will be established to continue to focus on policies that support and promote METS education and career preparation.



UPI Photo/Bill Greenblatt

In 2006, Governor Blunt signed Senate Bill 580, which establishes a P-20 Council. The council will provide an important foundation to ensure better collaboration among the departments of Elementary and Secondary Education, Higher Education, and Economic Development. By fostering greater collaboration among these state departments, Missouri will align grades K through 12, higher education, and employers to make our education system more fluid. It will close gaps and ensure students have built on the

skills and knowledge necessary for success along educational pathways to work. This work also includes an emphasis on a solid foundation in math and science.

The council will look at the establishment of tracking long-term data related to education to inform public policymaking and assist consumer choice. The council will also work to develop new partnerships between business and education leaders, increasing the understanding of workplace skills and new academic programs needed for Missouri businesses to compete in a global economy.

Increases to the A+ Schools Program

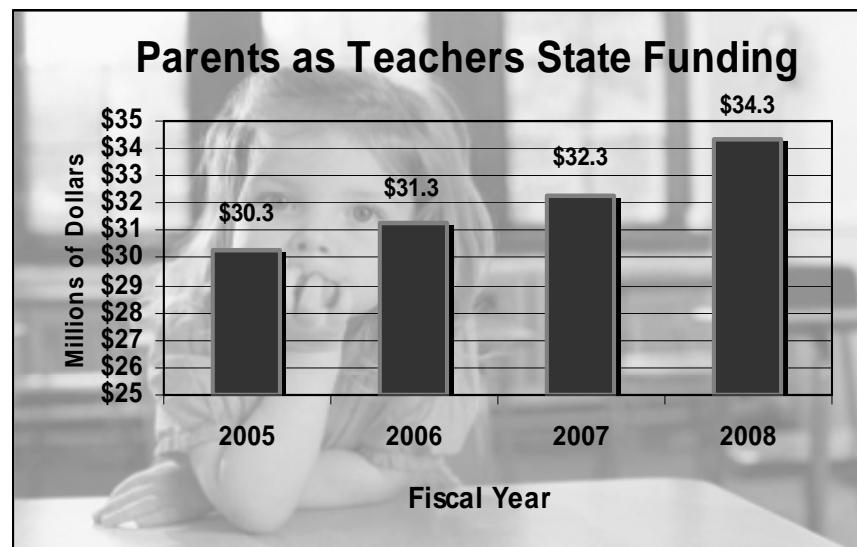
Missouri's A+ Schools Program raises academic standards and opens new doors to higher education. The program provides incentives for local high schools to reduce their dropout rates, raises academic expectations, provides better career pathways, and works closely with business and higher education leaders.

In Fiscal Year 2007, Governor Blunt provided a \$1.8 million increase for the A+ Schools Program, which brings total funding to \$18.2 million.

Increases for the Parents as Teachers Program

Parents as Teachers is a successful, worldwide program with its origins in Missouri. Parents as Teachers encourages parents to become involved early in their child's education. The program supports the parents' role as their child's first and most influential teachers. Parents as Teachers provides parent education and developmental screening services to families from the time their child is born until they are five years old.

Governor Blunt secured a \$1 million increase for Parents as Teachers in Fiscal Year 2007, bringing total program funding to \$32.3 million. This additional funding allows more visits from Parents as Teachers educators for children between the ages of three and five and increases service rates for educators serving high needs students.



Increased Payments for Residential Care

Residential care centers for children provide their services through a combination of state, private, and other support. Many residential care providers have been providing care for compensation at a level much lower than their actual costs.

Governor Blunt made closing the gap between cost and compensation a goal. In his first year in office, the Governor recommended a \$10 per day increase in care and was able to sign a budget that increased funding by \$5 per day, per child. In Fiscal Year 2007, the Governor recommended and signed a budget that included an additional \$10 per day increase for social services residential care providers and \$15 per day for mental health residential care providers. These increases total more than \$10.6 million and move the state closer to closing the gap between care and compensation for residential care providers such as Boys and Girls Town, Edgewood, Ozanam House, and others.

A New Child Support Enforcement Customer Service Center

In Fiscal Year 2007, Governor Blunt recommended \$2.6 million for a new child support enforcement customer service center to improve services to Missouri families and children. The center deals exclusively with helping Missourians who receive child support enforcement services from the Family Support Division. The center provides efficient and accessible means for parents with child support cases and employers to get answers to enforcement related questions and address other concerns. The center's work allows Missouri's child support specialists more time to focus on actions to collect child support and obtain medical support for Missouri's children from negligent parents.

Initial results from the new enforcement workflow structure supported by a central call center showed a ten percent increase in productivity (enforcement actions) and a seven percent increase in paying cases (defined as cases where a payment is made for at least three consecutive months).

Mentoring for Youth

Governor Blunt supported a combined increase of \$300,000 in Fiscal Year 2007 for two distinct youth mentoring programs. To help children of incarcerated parents succeed in school, at home, and in their communities, Governor Blunt secured \$200,000 for the Amachi mentoring program. This funding will provide mentoring services to 100 children, annually. Governor Blunt also supported an additional \$100,000 for the Missouri Mentoring Program, which offers work site and teen parent mentoring to youth at risk of entering the welfare system or the justice system. An additional 71 youth will benefit from the Missouri Mentoring Program.

A Virtual Public School

In 2006, Governor Blunt signed Senate Bill 912 to give Missouri students the opportunity to participate in a virtual school. Missouri's virtual school will begin operating July 1, 2007, and will offer students a means of alternative learning. The virtual school will also serve students whose schools do not have the resources to provide advanced or special education courses. The on-line environment provided by the virtual school will give students the opportunity to take those courses without having to travel from their own school or community.

2007 / Fiscal Year 2008 Priorities

2007 Legislative Priority

Attracting Jobs and Opportunities Through the Quality Jobs Act

In competing for jobs, Missouri has had great success over the past two years. The hard work and dedication of Missouri's workforce has been a draw for employers. However, Missouri's communities compete for quality job opportunities with eight surrounding states and, virtually, the entire world. To improve the tools Missouri has to attract new businesses, Governor Blunt supports:

- Increasing the cap on Missouri's Quality Jobs Program by \$12 million. Missouri's innovative Quality Jobs Program has helped the state recruit and keep employers by providing family-supporting jobs with health care benefits to Missourians.

2007 Legislative Priority

Tax Reform and Relief

Governor Blunt proposes tax reform and relief that will:

- End cuts to Social Security by exempting Social Security income from Missouri income tax.
- Increase the deduction for long-term care insurance from 50 percent to 100 percent.
- Encourage employers to provide health care by raising the threshold of the franchise tax from \$1 million to \$15 million for employers who meet the health care coverage standards in the Quality Jobs Act.
- Address court decisions that undermine Missouri's tax system and inhibit more substantial tax relief that would benefit all Missourians.

Tourism in Missouri

To increase funding for Tourism and support and expand Missouri's tourism market, Governor Blunt recommends \$2.9 million in increased funding for the Missouri Division of Tourism, which fully funds the tourism funding formula. Governor Blunt also joined Lt. Governor Peter Kinder, Tourism Chairman, in announcing the inaugural Tour of Missouri cycling race for September 2007. The race will attract world class cyclists to Missouri and will allow Missouri to showcase itself in a national and international tourism market.

Promoting Missouri's Agri-Economy

Missouri's Life Sciences Trust Fund should be used to move Missouri's economy into the future and should support agricultural research. For Fiscal Year 2008, Governor Blunt recommends \$35.7 million from the state's Tobacco Master Settlement. Governor Blunt calls for using the fund for research in the following areas:

- Biofuels,
- Plant Sciences, and
- Animal Health and Nutrition.

Creating Jobs and Opportunities for Missourians

“Our economy has created more than 50,000 jobs over the past two years thanks to the hard work, dedication and enterprise of Missourians.”

- Matt Blunt

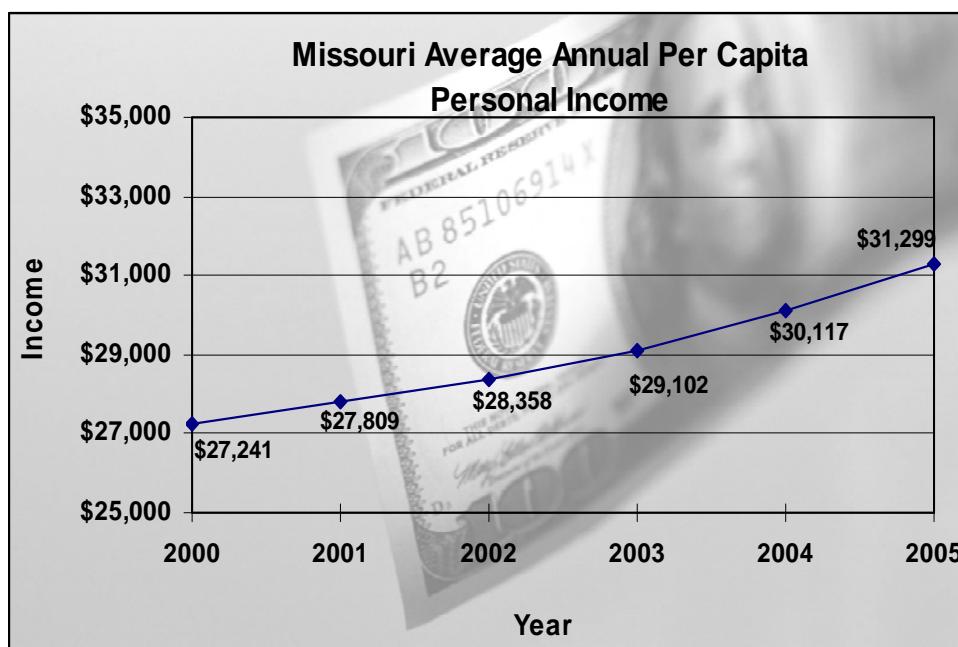
2006 Successes

Missouri's Improving Economy

In 2005, Governor Blunt and the Missouri General Assembly fulfilled commitments to make needed changes to improve Missouri's business climate. Litigation reform and workers' compensation reform both passed the Missouri General Assembly and Governor Blunt signed them into law in 2005. These critical pieces of legislation, along with Missouri's innovative Quality Jobs Act, have helped foster a climate that has made Missouri a more attractive place to do business. Between January 2005 and November 2006, Missouri employers have created 53,500 new jobs. Per capita personal income in Missouri also increased by 3.9 percent in 2005 to

\$31,299, which far exceeded the national cost of living increase of 2.8 percent.

Through the end of September 2006, exports by Missouri companies totaled \$9.1 billion, compared to \$7.4 billion after the third quarter of 2005. This is an increase of more than 22 percent. These third quarter 2006 figures put the state on track to top the record \$10.5 billion in global sales made in 2005.



The Downtown Revitalization and Economic Assistance (DREAM) for Missouri Initiative

Investment in community revitalization, including historic properties, provides numerous benefits: improving the quality of life of residents, enhancing the landscape of the community, reducing crime, and attracting new businesses and jobs. The Downtown Revitalization and Economic Assistance for Missouri (DREAM) initiative is a collaborative effort among the Department of Economic Development, the Missouri Housing Development Commission, and the Missouri Development Finance Board to concentrate state resources and programs that do the most good for selected Missouri communities' downtown areas. Governor Blunt created the initiative as an opportunity to revitalize the once prosperous and still promising downtown areas of many Missouri communities in the coming years.



The state received 98 applications from communities across Missouri wishing to be selected as a designated DREAM community. The initiative also offers exclusive training and seminars created to help all DREAM applicants learn more about how to access existing redevelopment programs and tools to revitalize Missouri's historic and diverse downtowns. In September 2006, Governor Blunt announced the first annual DREAM designees: Cape Girardeau, Excelsior Springs, Hannibal, Hermann, Kennett, Neosho, Sedalia, St. Joseph, Washington, and West Plains.

The designated communities have access to an array of programs and technical assistance that can help with everything from infrastructure improvements, historic preservation efforts, and affordable housing to community services, business development, and job creation. Missouri's DREAM communities are high priorities for the partner agencies' resources. They will help communities accomplish their downtown revitalization objectives, draw new investments, and create good, family-supporting jobs.

Providing Opportunities for Health Care for Small Businesses

In 2006, Governor Blunt signed House Bill 1827, which has increased access to health insurance by expanding eligibility for Association Health Care Plans and providing an exemption that will encourage insurers to write policies for association health plans.

An Association Health Care Plan can offer lower rates than small businesses would be able to obtain on their own, by allowing a group of employers to function essentially as one employer to purchase health insurance, thus spreading risk and administrative costs. The legislation made more associations eligible for the plans. This legislation also exempts qualified Association Health Care Plans from the clause in the Small Employer Health Insurance Availability Act that requires premium rates for similar small businesses to be within 20 percent of one another. This is an important provision for protecting small employers from rate gouging when they seek health care individually, but it was inhibiting the growth and access to Association Health Care Plans. These plans have excellent benefits for small employers and also help reduce rates for larger employers in the association by creating a larger group to share risk.

The Pilot Project

House Bill 1827, signed into law by Governor Blunt in July 2006, was modeled after the Southwest Area Manufacturer Association's Health Care Consortium. The consortium was a two-year pilot project, authorized through a waiver from the director of the Department of Insurance, Financial Institutions and Professional Registration.

The pilot project represented:

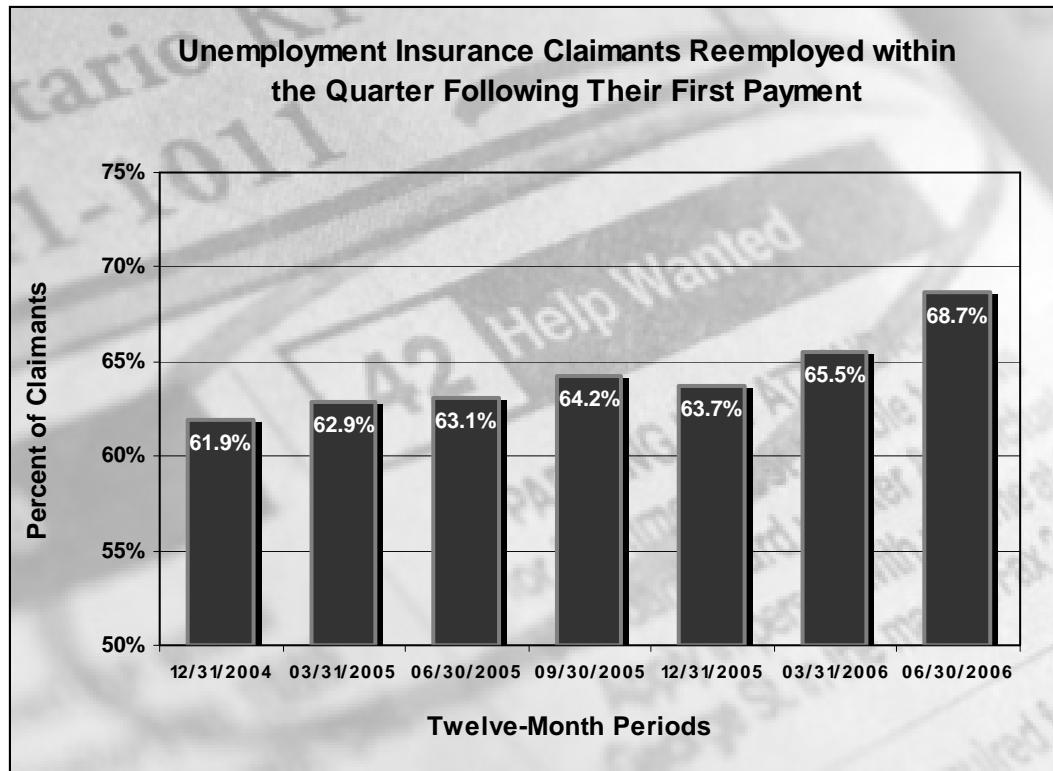
- 32 companies with 1,300 employees.
- Companies ranging in size from 3 to almost 500 employees.
- 2,000 covered lives, one of the largest health groups in Southwest Missouri.
- 6 companies that had never before been able to afford group health care for their employees. The 6 companies represent 68 employees, 34 of whom were previously uninsured.

As a result, initial premium savings ranged from 18 percent for the largest employer to as much as 40 to 50 percent for small employers.

Helping Unemployed Missourians Find Work More Quickly

Governor Blunt has made it a top priority to ensure that good, family-supporting jobs are coming to Missouri and has succeeded in improving Missouri's business climate. For Missourians, there are increased opportunities, and the Division of Employment Security continues to work with the Division of Workforce Development to develop strategies to help unemployed Missourians find jobs faster.

As evidence of their success, the Division of Employment Security has increased the percentage of unemployment insurance claimants reemployed within the quarter following their first unemployment insurance payment from 61.9 percent in December 2004 to 68.7 percent in June 2006, a significant increase. In addition, Missouri's average duration of weeks of unemployment is steadily declining. For the 12-month period ending in June 2006, the average duration to claim unemployment benefits was 14.6 weeks, below the national average of 15.3 weeks.



A Modern and Safe Transportation Infrastructure

A safe, modern transportation infrastructure is vital and necessary to Missouri's economic growth. As a candidate, Governor Blunt supported the passage of Amendment 3. The Amendment, which passed by an overwhelming majority, has led to an infusion of funding for the Missouri Department of Transportation (MoDOT). In his 2006 State of the State address, Governor Blunt challenged the department to finish the Smooth Roads Initiative a year ahead of schedule. MoDOT met Governor Blunt's challenge and repaired and resurfaced more than 2,200 miles of roadway.

The Smooth Roads Initiative was the first part of MoDOT's three-part plan for improving Missouri's highways. Accelerating key projects and tackling new construction make up the remainder of the package in an initiative called Better Roads, Brighter Future. This initiative will improve the remainder of the state's 5,600 miles of major highways over the next five years, resulting in wider stripes and rumble strips, brighter signs, and smoother pavement. In 2006, MoDOT also announced an expansive project to improve the 800 worst bridges in Missouri. At Governor Blunt's urging, MoDOT expanded the 800 Bridge Initiative to include all areas of the state.

In 2006, MoDOT finished the installation of median guard cables on Interstate 70 and is expanding the project to Interstates 44 and 29. Over 175 miles of median guard cable was installed in 2006. Initial studies have found that the cables are successful about 95 percent of the time in preventing vehicles from reaching the opposing lanes. From 2005 to 2006, 29 fewer people died in cross median interstate crashes.

With the increase in construction on Missouri's highways there has been, unfortunately, an increase in accidents involving highway workers. In 2006, as part of an omnibus transportation safety bill, Governor Blunt signed into law strict penalties for motorists who, due to negligence, injure or kill a highway worker.

MO HealthNet

“We have the opportunity this year to improve our health care safety net for vulnerable Missourians by increasing choice, improving quality and promoting preventative care.”

- Matt Blunt

2007 / Fiscal Year 2008 Priorities

2007 Legislative and Budget Priority

HealthNet: A Health Care Safety Net for Low-Income Missourians

Transforming and improving Missouri's health care safety net for those who need it the most is a top priority for Governor Blunt in 2007.

Governor Blunt's goals for the new Medicaid program, MO HealthNet, include:

- Focusing on health awareness and promoting wellness through preventative care, such as regular checkups.
- Encouraging the use of preventative care such as immunizations and screenings for early detection of disease.
- Transforming recipients into participants who have increased patient choice and increased access to information about their health care needs.
- Embracing evidence-based practices by incorporating technology to increase the amount and quality of information available in the decision making process, improve transparency, and incorporate measures that will decrease the possibility of waste, fraud, and abuse of the system.
- Paying health care professionals for performance, not just the number of tests and procedures.
- Incentivizing healthy behaviors for participants to improve their quality of life.

Several of the principles in Governor Blunt's MO HealthNet plan for low-income Missourians are:

1. **Health Care Home.** Assist MO HealthNet participants in choosing a health care home and health care home coordinator that will focus on improving the health and wellness of individuals. The health care home does not restrict access to care, it partners with the participant to focus on wellness and prevention and allows the participant to make more informed medical decisions. Every MO HealthNet participant deserves a health care home. This is a radical departure from current practice.
2. **Health Risk Assessment.** Provide MO HealthNet participants with a health risk assessment. With this assessment, health care home coordinators will learn the critical information about the health care needs of each participant. This is an important step in early detection of disease and ensuring the participant is getting the right care.
3. **Electronic Plan of Care.** The plan of care is reviewed and tailored by the health care home coordinator together with the participant. The plan of care is individualized and serves as the basis for provider and patient decisions in finding ways to improve the participants' health status.
4. **Health Net Plus.** Provide opportunities for MO HealthNet participants to access health services that were not offered under the old Medicaid system. MO HealthNet Plus would encourage participants to become more involved in their own health care and make reasonable attempts to improve their health.

5. **Evolution of the Provider Role.** MO HealthNet recognizes the critical role of health care home providers. Providers who choose to participate will have access to improved technology including evidence-based practices. MO HealthNet will also increase physician-related reimbursements and implement pay-for-performance measures to encourage healthy outcomes for MO HealthNet participants.
6. **Decreasing the Number of Uninsured.** MO HealthNet includes strategies to decrease the number of Missourians without access to health care by extending MO HealthNet coverage to the employed disabled and to youth aging out of the foster care system. MO HealthNet will also relax the definition of affordability for MC+ for Kids (SCHIP).

2007 Legislative and Budget Priority

Extending Affordable Care for Missouri's Uninsured

All Missourians should have access to affordable health insurance. Governor Blunt is committed to reducing the number of uninsured Missourians by investing in premium supplements for lower-income Missourians and creating a system for access to health care that will connect insurers and Missourians, particularly small employers who want to make an affordable investment in their employees. His solutions include:

1. Committing \$53 million, over two years, to invest in premium offsets for lower-income Missourians.
 - The state contribution will be \$20 million, split over the next two budget years.
 - To maximize these funds, the Governor has directed the Department of Social Services to work with the federal government to ensure the state contribution is eligible to draw federal funding, which will add \$33 million.
2. Providing incentives to employers to provide health insurance. Governor Blunt proposes legislation that will increase the income threshold for businesses to pay the state franchise tax from \$1 million to \$15 million if employers provide health care coverage to employees.
3. Calling a 2007 Health Care Summit to encourage cooperation among all stakeholders. Cooperation is essential to creating the marketplace that will connect Missourians and affordable coverage.
4. Governor Blunt supports creating a marketplace that will be the solution to the increasing number of uninsured Missourians. The new marketplace system will:
 - Allow employers and employees to pay insurance premiums before taxes.
 - Maximize affordability of insurance coverage by leveraging all funding sources available, including individual, employer, state, federal, and other.
 - Promote Missouri's association health plans and insurance plans created by small business groups.
 - Allow employee, instead of employer, ownership of health insurance so that coverage travels with an employee from job to job.
 - Remove administrative burdens on Missouri's small businesses and entrepreneurs.
 - Maximize the number of choices for the health insurance consumer.
 - Provide coverage for individuals with high health care needs.

2007 / Fiscal Year 2008 Priorities

Providing Quality Mental Health Services

Missouri's mental health system has been the focus of several tragic and avoidable instances of abuse and neglect. To improve Missouri's mental health system and implement recommendations of the Mental Health Taskforce, and directives in the Executive Order 06-49, Governor Blunt recommends:

- \$9.4 million to improve staffing at the state's habilitation centers and provide additional funding for clients transitioning to the community.
- \$3.7 million to coordinate services for persons with mental retardation and developmental disabilities around the state.
- \$3.6 million to improve services provided to psychiatric clients at Fulton State Hospital.
- \$2.8 million to implement the Mental Health Transformation Grant and develop a plan for improved mental health care delivery in Missouri.
- \$2.5 million to develop integrated home and community-based services for children and youth with serious emotional disturbances and their families, through the Circle of H.O.P.E. grant.
- \$2.5 million to advance information technologies that improve the overall health of individuals with psychiatric and medical illnesses.
- \$2 million to provide services to additional low-income mental health clients.
- \$1.9 million for a pay increase for direct care staff in mental health facilities.
- \$750,000 for a pilot project between Federally Qualified Health Centers (FQHCs) and Community Health Centers (CHCs) around the state to coordinate physical and behavioral health care services.
- \$500,000 to provide additional staff training and development on client safety issues.
- \$300,000 to support the accreditation of the state's facilities for the developmentally disabled.

Healthcare Technology Fund Utilization

For Fiscal Year 2007, Governor Blunt secured \$25 million for the Healthcare Technology Fund to pioneer the use of technology to improve health care in Missouri. For Fiscal Year 2008, Governor Blunt recommends utilizing these funds for the following programs:

- *Improving MO HealthNet* - \$5.7 million to modernize the state's Medicaid payment system, \$5 million for FQHCs to build an electronic health record system, and \$2.5 million to support a statewide database to link pharmacy, patient, and medical provider records.
- *Providing Access to Mental Health Information* - \$1.4 million to assist Department of Mental Health stakeholders to upgrade the system which provides access to information for performance measurements and practice guidelines.
- *Improving Senior, Children, and Disabled Services* - \$1 million to modernize nursing assistant registries maintained by the Department of Health and Senior Services, and \$300,000 to enhance the Family Care Safety Registry, which provides background screenings used by long-term care facilities, home health agencies, mental health agencies, and child care centers.
- *Promoting Safety* - \$230,000 to update the Bureau of Narcotics and Dangerous Drugs registration database and coordinate with the federal Drug Enforcement Administration.

Improving the Health of Missourians

“Providing for a high quality of life for all Missourians means investing in programs like in-home care for seniors, quality mental health care, screening for newborns and wellness programs that reach Missouri classrooms.”

- Matt Blunt

2006 Successes

Missouri's Current Health Care Safety Net

In 2006, Governor Blunt approved an additional \$731.5 million for Missouri's Medicaid program for the Fiscal Year 2007 budget. Missouri's Medicaid program serves more than 825,000 Missourians, and the Blunt Administration preserved comprehensive services for children, pregnant women, and the blind.

Governor Blunt also recommended additional funding, and the General Assembly approved, \$1 million for Missouri's FQHCs and CHCs in areas where Missourians have limited access to health care. FQHCs and CHCs have led the way in providing quality care to all Missourians regardless of their health insurance status by leveraging federal and state resources to tap into additional local and community support.

Savings Through a Focus on Efficiency

Upon taking office, Governor Blunt directed Missouri's Medicaid program to root out waste, fraud, and abuse to ensure that Medicaid resources were going to those truly in need of assistance.

The departments of Mental Health and Social Services have saved \$25 million (\$10 million general revenue) in Medicaid behavioral health pharmacy cost savings since January 2005. The project recently was awarded the 2006 Bronze Achievement Award from the American Psychiatric Association.

For third party liability, program integrity and reinvestigations, the savings from January 2005 through November 2006 are \$230.1 million in total funds

Governor Blunt's challenge to increase the emphasis on addressing waste, fraud, and abuse in the Medicaid program has resulted in the following achievements:

- Cash collections from third party payers (insurance carriers, estates, etc.) for services provided to Medicaid recipients increased \$26 million (\$10.4 million general revenue) since January 2005.
- Recoveries from inaccurate Medicaid billings and payments through Program Integrity increased collections by \$28.5 million (\$11.4 million general revenue) since January 2005.
- Reinvestigations for Medicaid eligibility increased from 70 percent to 100 percent since February 2005. The Governor, in his 2005 State of the State address, directed DSS to address this issue and meet the annual reinvestigation requirement. Today, DSS is current in Medicaid reinvestigations (and has been since May 2006). This has resulted in a savings of \$175.6 million to the state and ensured that resources are reserved for those who need them most.

Involving and Supporting Missouri Seniors

Governor Blunt pledged to increase the involvement of seniors in public life, support programs that keep seniors in their homes, and improve the quality of long-term care. To improve the lives of our older Missourians, Governor Blunt has:

- Appointed 40 seniors to various boards and commissions since taking office.
- Implemented a Naturally Occurring Retirement Community (NORC) contract. NORC is a program for seniors that supports healthy aging in their home by encouraging community involvement and providing access to support services.
- Secured \$379,000 in additional funding for senior centers around the state, ensuring all counties have a center.
- Signed legislation that provides additional licensed long-term care options to expand the continuum of care, providing seniors additional opportunities to choose a long-term care setting that maximizes their quality of life in a safe, dignified, home-like environment.
- Added 32 long-term care facility inspectors to the Department of Health and Senior Services. These staff are dedicated to inspecting nursing homes to ensure they are safe and complying with state and federal requirements.
- Expanded the Missouri Rx state pharmacy program that provides assistance with prescription drug costs to low-income seniors.

Expanding Newborn Screening

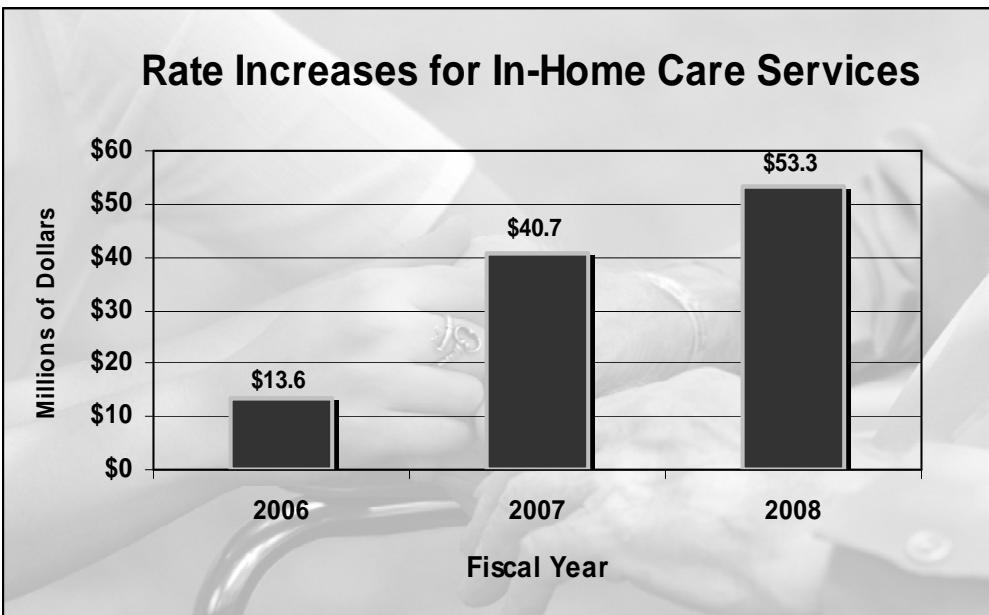
To promote the health and opportunities of children born in Missouri, Governor Blunt has overseen the work to ensure that Missouri will complete the addition of newborn screenings for cystic fibrosis and biotinidase deficiency in 2007.

Missouri is leading other states in screening newborns for all 29 recommended conditions. Catching these conditions early ensures that treatment can begin immediately to minimize any harmful affects.

Increased Funding for In-Home Care

Governor Blunt has emphasized the importance and benefits of in-home care for Missouri seniors and others who need assistance. In-home care allows seniors to remain in their homes and communities, and allows them to retain their independence in a safe environment. To ensure that in-home care is available to Missourians who are eligible, Governor Blunt secured a 64-cent per hour rate increase for in-home care providers in Fiscal Year 2006 and a \$1 per hour rate increase in Fiscal Year 2007.

The Governor also increased funding by \$2.6 million in fiscal years 2006 and 2007 for home-delivered and congregate meals for seniors and individuals with disabilities.



Improving Health Through Chronic Care Management

To meet Governor Blunt's challenge to transform our current safety net program for low-income Missourians into one that provides quality care and focuses on improving health, the Department of Social Services began offering enrollment into the Chronic Care Improvement Program (CCIP) in November of 2006. The CCIP will improve health outcomes for the most seriously ill participants by incorporating the principles of disease management, care coordination, and primary care case management. The program offers choice, empowers participants, improves access to care, provides individualized care, and employs the best use of current technology.

In conjunction with the CCIP, Missouri has introduced electronic patient health records and is the first state in the nation to have an integrated electronic health plan of care for multidisciplinary providers.

The Healthy Missourians Initiative: Combating Childhood Obesity

In 2005, Governor Blunt announced the start of the Healthy Missourians Initiative. The goal of this initiative is to improve the lives of Missourians by encouraging healthy eating, increased physical activity and preventative health measures. Partners in the initiative include the Department of Elementary and Secondary Education, Department of Health and Senior Services, the Missouri School Board Association, the Missouri Food Service Association, the University of Missouri Extension Services, the American Heart Association, and the Dairy Council. Working together, the partners developed a model local wellness policy for schools to use in implementing a federal U.S. Department of Agriculture mandate. Training sessions were provided throughout the state and at several statewide conferences.

In addition, funding obtained by partners (the Department of Health and Senior Services and the Department of Elementary and Secondary Education) was provided to nine schools and two child care facilities to make changes aimed at improving nutritional intake of children and increasing their physical activity. Information was obtained by focus groups and surveys from children 6-18 years of age, their parents, and community leaders in eight locations around Missouri. The results were used to implement nutritional and physical activity interventions in four of those locations. The results are also being used to develop a training session and model for communities to impact their environments and assist people in participating in healthy activities. The partners also designed the Katy Trail Challenge across Missouri and held a conference entitled *Missouri Takes Action on Obesity*.

2007 / Fiscal Year 2008 Priorities

Funding Increases for Law Enforcement

To support law enforcement in Missouri, Governor Blunt recommends:

- \$8.1 million to begin implementation of a statewide interoperable radio system that will improve communication and public safety. The system will make sure law enforcement, public safety workers, and local officials can better communicate during an emergency or natural disaster.
- \$3.5 million to expand state crime lab services in the City of Springfield and Jasper County.

2007 Legislative Priority

Guaranteeing Missourians the Right to Protect Themselves

Governor Blunt believes strongly in our 2nd Amendment rights. Emergencies and attacks on one's home or vehicle are tragic and terrifying reminders of the need for self protection. Governor Blunt recommends legislation that:

- Expressly prohibits law enforcement from taking guns from law-abiding citizens during a state of emergency.
- Allows citizens to remain in their home or vehicle and defend it against attack if they believe their life, or their dependants' lives are in danger.
- Prohibits a property owner's liability for injuries and harm sustained by an attacker.

2007 Legislative Priority

Good Samaritan Protection for Volunteers in Emergencies

Licensed health care providers volunteering within Missouri may be deployed to provide health care at alternative care sites necessitated by a declared emergency. The Governor proposes legislation to ensure that deployed volunteers will not be susceptible to lawsuits for acts or omissions performed while they are serving in an emergency capacity, unless damages are caused willfully and wantonly.

2007 Legislative Priority

Death Penalty for Those Who Kill Law Enforcement Officials

Those who murder law enforcement officers should be held accountable to the highest level of the law. To provide a further deterrent to violent action against law enforcement, Governor Blunt recommends legislation that requires the death penalty as a mandatory sentence for anyone who murders a law enforcement official.

Protecting Missourians

“Our law enforcement officials help keep our children and communities safe from crime and drugs like methamphetamine. We are committed to providing the tools they need to protect Missourians.”

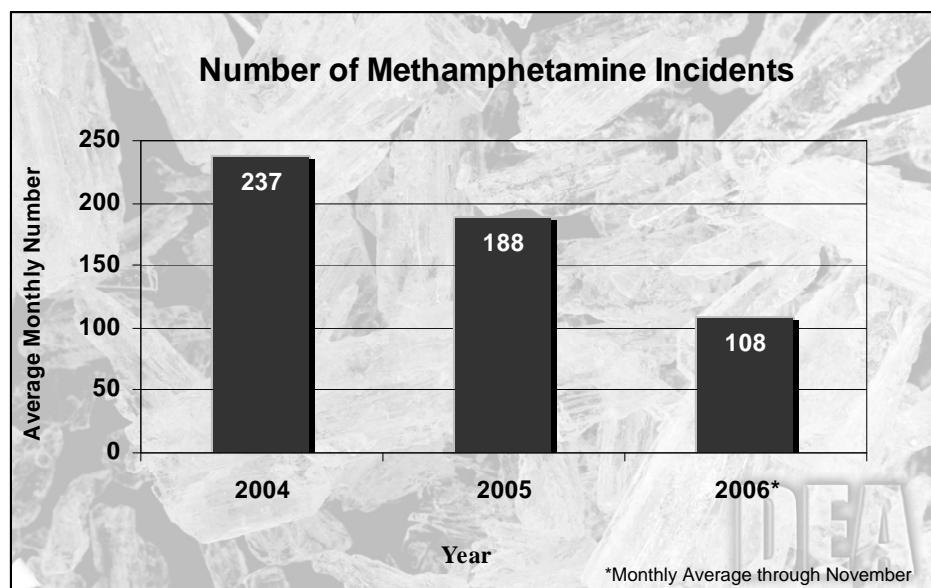
- Matt Blunt

2006 Successes

The Continued Success of Missouri's Meth Law

In his first year in office, Governor Blunt signed legislation aimed at slowing and ending Missouri's meth crisis by restricting access to the materials used to make meth, and enlisting the help of Missouri pharmacists to track who is purchasing pseudoephedrine and ephedrine. Numerous law enforcement officials and other innocent adults and children had been lost to this crisis, and Missouri far outpaced the rest of the nation in meth incidents.

Now, a full year after the passage of Missouri's new meth legislation, Missouri's meth incidents have decreased significantly.



Implementation of Jessica's Law and Global Tracking

Protecting children is one of the most important roles of any government. In 2005, Governor Blunt signed legislation establishing a global position tracking program for sex offenders. In 2006, the Department of Corrections began piloting global position tracking technology in supervising 90 high-risk offenders in 12 Missouri communities.

In 2006, the Missouri General Assembly passed, and Governor Blunt signed, Jessica's Law legislation. The heart of House Bill 1698 is the creation of a mandatory minimum sentence for those who commit the most egregious of all felonies—forcible rape or forcible sodomy against a child younger than 12. Persons convicted of these crimes will receive a sentence of lifetime imprisonment with a minimum of 30 years served in prison, without eligibility for probation or parole. In addition to the mandatory minimum, persistent sexual offenders will be supervised for the duration of their natural lives by the Department of Corrections, and under this new law, suspended imposition or enforcement of sentence is not permissible for the crimes of forcible rape and forcible sodomy. This provision is particularly important. The Highway Patrol has record of more than 200 offenders who have received a suspended imposition of sentence for forcible rape or forcible sodomy. Some of these crimes were committed against children and some were committed with weapons. Many of these offenders served little or no time in prison. This is simply not acceptable and will not be allowed under the new law.

**Missouri's sex
offender
website can
be found at:
www.mshp.dps.mo.gov**

HB 1698 also strengthens the sex offender registry. With nearly 11,000 people currently on the registry, the new law makes the registry a better tool for parents and other caretakers to protect their children. The bill requires offenders to report every six months and provide an updated photo each year. Additional information is being placed on the Highway Patrol's sex offender registry website, including the nature and date of all the qualifying offenses, temporary and work addresses, and a description of offenders' vehicles.

The new law specifies that the crime of sexual misconduct with a child can be committed over the Internet and adds the crime of attempting to entice a child. It does not allow offenders to use a defense that the victim was a police officer acting as a child. These changes, signed into law by Governor Blunt, provide comprehensive changes in Missouri law to keep our children and communities safe.

Missouri State Response to Natural Disasters

There were several major severe weather events during 2006. All were managed by the Governor and the State Emergency Management Agency (SEMA). There were major thunderstorms during March 2006 that affected a large portion of Missouri. Only to be followed by tornadoes and further severe thunderstorms in early April 2006. Severe thunderstorms struck Missouri again in July 2006, wreaking havoc in St. Louis and causing over 500,000 households to lose electricity to their homes during an oppressive heat wave. Executive agencies helped to maintain public safety and coordinated the purchase and delivery of tons of ice, food, water, and generators to ease the suffering of citizens.

After a record snowfall on December 1, 2006 during extreme cold temperatures, the Blunt Administration proactively provided essential services and supplies to the St. Louis region, after over 250,000 households lost electrical power to their homes. The Administration provided 20 generators, tons of food, and truckloads of water and helped establish warming centers along with volunteer organizations such as the Red Cross and Americorps.



DNA Testing

The Department of Corrections took on a monumental task beginning January 2005. As directed by law, the department began collecting DNA samples from all incarcerated offenders and offenders under the supervision of Probation and Parole. During 2006, the department completed the collection process.

Through its collection efforts, the department has contributed to the investigation of 589 unsolved criminal cases, including the pillow case serial rapist in Kansas City. The department accomplished this massive collection of DNA samples with existing resources; no new funding was required.

Law Enforcement Notification System (LENS)

Information is just one of many important tools that law enforcement uses to keep Missourians safe. To provide greater access to information on offenders in Missouri, the Department of Corrections has recently developed, and put into operation, a notification system which is provided to local enforcement agencies throughout the state at no charge.



The LENS Program allows law enforcement to access Department of Corrections offender information (both institutional and community supervision) online. The department has received excellent feedback from local law enforcement agencies on this online service.

Improving Missouri's Move Over Laws

In 2006, Governor Blunt signed legislation that stiffened penalties for failure to yield to a law enforcement official or failure to comply with Missouri's Move Over Law. Several tragic incidents involving law enforcement officers who lost their lives during traffic stops or while directing traffic at the scene of an accident have occurred in the past few years. The families of the law enforcement officials who died in these tragic accidents served as vital advocates for the additional penalties for reckless driving and failure to comply with the state's Move Over Law. As our law enforcement officials put their lives on the line to protect Missourians, this new legislation serves as a reminder for all Missourians to slow down and yield to law enforcement officers working to keep our roadways and communities safe.

2007 / Fiscal Year 2008 Priorities

Funding for Pro-Life Resources

The Alternatives to Abortion Program offers counseling and provides services to pregnant women, supporting them in carrying their unborn child to term. Services include, but are not limited to: adoption assistance; caring for dependent children; prenatal care; medical and mental health care; parenting skills; drug and alcohol testing, and treatment; child care; job training and placement; domestic abuse protection; and transportation. Services are available for a year after the baby's birth. Governor Blunt recommends:

- \$760,000 to maintain the current level of funding for the program.
- \$200,000 in additional funding for the Alternatives to Abortion Program.

2007 Legislative Priority **Conscience Protection for Pharmacists**

Currently, Missouri law provides conscience protection for certain medical professionals with respect to abortions. The Governor supports legislation that:

- Protects the conscience rights of pharmaceutical professionals. Pharmacies cannot require any employee to perform, assist, recommend, refer for, or participate in any service involving a particular drug or device they have a good faith belief is used for abortions.
- Protects pharmaceutical professionals from civil or criminal liability, and from actions against their professional license, if they invoke their conscience rights protections.
- Prohibits employers from refusing to hire, discriminating against, segregating, or terminating a pharmaceutical professional because of their opposition to any service involving a particular drug or device that they have a good faith belief is used for abortions.

2007 Legislative Priority **Getting Abortion Providers Out of Missouri Schools**

Currently, some school districts around the state allow Planned Parenthood, and other abortion providers, to offer sex education in their schools. Governor Blunt believes that abortion providers should not be providing information to Missouri school children. The Governor proposes legislation that will prohibit any public elementary or secondary institution from allowing abortion providers to present sex education programs to students.

Representing Missourians' Values

"I am proud to join with pro-life Missourians to support a culture that promotes the dignity of human life."

- Matt Blunt

2006 Successes

Tax Credits for Pregnancy Resource Centers

In 2006, Governor Blunt signed House Bill 1485, which passed with broad bi-partisan support, to authorize an income tax credit for contributions made to qualified pregnancy resource centers. Pregnancy resource centers are non-residential facilities that provide numerous services to women facing a crisis or unplanned pregnancy.

These centers do not provide abortion services or referrals for abortion services. They are the front line in providing the love and support young women need to make a good decision for their child and themselves. The Governor applauds these centers for their excellent work.



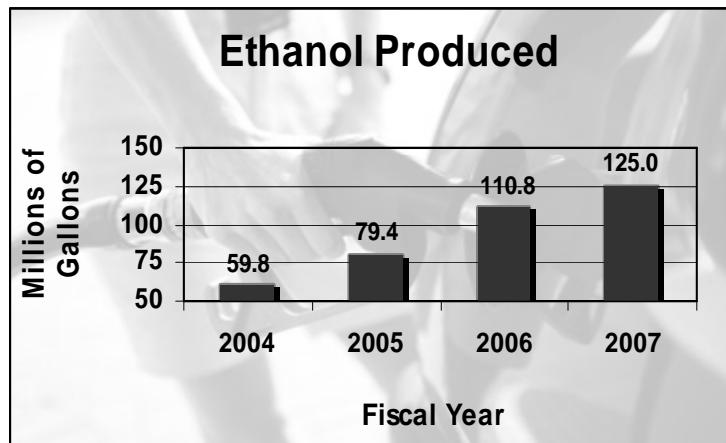
2007 / Fiscal Year 2008 Priorities

Full Funding for Missouri's Renewable Fuel Industry

In his third year in office, Governor Blunt is committed to fully fund both the ethanol and biodiesel producer incentive funds and to make back payments owed to Missouri farm families from the ethanol producer incentive fund.

Governor Blunt recommends:

- \$28.5 million for the Missouri Qualified Biodiesel Producer Incentive Fund to support biodiesel production payments, bringing total funding to \$33.8 million.
- \$6.4 million to the Missouri Qualified Ethanol Producer Incentive Fund to support ethanol production payments, bringing total funding to \$15 million.
- \$5.1 million to fulfill all commitments made in previous years to ethanol producers.



2007 Legislative Priority Supporting Missouri Farmers' Right to Farm

Missouri farmers work hard to provide reliable food and renewable energy resources. As rural Missouri continues to grow, farming methods and operations are sometimes challenged by those who moved into a rural area without considering the everyday events of rural life. In order to protect Missouri farmers and our agricultural traditions, Governor Blunt supports a Missouri Farm and Food Preservation Act that protects farmers against agricultural nuisance lawsuits and other unwarranted impediments to farming operations.

2007 Legislative Priority Enhancing Missouri's Agricultural and Small Business Development Authority's Tax Credit Program

The Missouri Agricultural and Small Business Development Authority (MASBDA) assists farmer-owned businesses in establishing successful value-added agricultural and other ventures. In 2007, Governor Blunt supports increasing the amount of tax credits issued under the Missouri Agricultural and Small Business Development Authority's tax credit programs from \$6 million to \$10 million.

A Renewed Commitment to Agriculture

“In the same way that Missouri farmers rose to a great challenge and fed the world in the last century, this century’s farmers will answer another noble calling and fuel America.”

- Matt Blunt

2006 Successes

The Missouri Renewable Fuels Standard Act

Governor Blunt is a strong supporter of Missouri farmers and Missouri’s renewable fuel industry. Missouri farmers and other investors are also starting to take interest in this growing industry. Missouri has four ethanol plants currently online, with another five in stages of design and construction. The first large-scale, commercial biodiesel plant is operational with three more in stages of design and construction.



In 2006, Governor Blunt signed House Bill 1270 which established the “Missouri Renewable Fuel Standard Act.” This legislation requires that most gasoline sold in Missouri contain at least ten percent ethanol, beginning January 1, 2008. All vehicles can run on E-10 without modification, and the market is growing for vehicles that can run on an E-85 blend. This standard will provide a boost for Missouri’s farmers, rural communities, and environment – all at a cost savings to consumers.

The new law contains a provision to ensure that consumers benefit by automatically waiving the ethanol-blended fuel requirement if it is more expensive than petroleum-based gasoline at point of purchase. Aviation fuel and premium grade fuels are also exempted. With this law, Missouri becomes the fourth state in the nation to enact an E-10 standard.

A recent University of Missouri study has shown that the economic impact, when Missouri's ethanol production capacity reaches 350 million gallons per year, will include maintaining 257 full-time jobs and creating a net increase in total value to Missouri's economy of \$373 million. This production threshold is estimated to be met with the three operational plants at the time of the study, an expansion of one of those facilities, and the construction of three more plants. Since the release of the study, one more plant is now operational.

Renewable Fuels Funding in 2006

In Fiscal Year 2007, Governor Blunt recommended and secured full funding for both the Missouri Qualified Biodiesel Producer Incentive Fund and Missouri Qualified Fuel Ethanol Producer Incentive Fund, including \$2.3 million for back payments due to farmers from the ethanol producer fund for production in prior years. During his administration, the Governor has also secured:

- \$6.3 million in Fiscal Year 2007 for current ethanol production incentive payments.
- \$5.3 million in Fiscal Year 2007 for current biodiesel production incentive payments.
- \$5.3 million in Fiscal Year 2006 for ethanol production incentive payments.
- \$2.8 million in Fiscal Year 2006 for back payments due to farmers for production in prior years.
- Legislation to allow the Missouri Qualified Biodiesel Producer Incentive Fund to receive state general revenue.

Eminent Domain Legislation

Governor Blunt joined many other Missourians in his belief that the *Kelo v. New London* case was decided incorrectly by the Supreme Court. With that decision, the Supreme Court dealt a blow to property rights. The Governor agreed with the dissenting justices; the court's decision effectively erased the Public Use Clause from the United States Constitution.

This decision left it to states to take action on this topic in order to protect the rights of property owners. Just four days after the court's decision, the Governor announced his intention to form a taskforce of individuals from across the state, all of whom had an interest in eminent domain for various reasons. These individuals conducted a series of public meetings and from this process provided 18 recommendations to reform Missouri's eminent domain laws and protect property rights. Sixteen of the taskforce's recommendations were included in the law that Governor Blunt signed in July 2006.

Eminent Domain - House Bill 1944

- Rejects the findings of the *Kelo v. New London* case and prohibits eminent domain solely for economic development purposes.
- Prohibits classifying farmland as blighted for eminent domain purposes.
- Contains early notice provisions to property owners whenever condemning authorities are considering the use of eminent domain.
- Requires condemning authorities to provide property owners a “landowner’s bill of rights” to educate property owners on the eminent domain process.
- Requires condemning authorities to negotiate in good faith and provides penalties when they fail to do so.
- Expands “just compensation” to include additional factors beyond fair market value, such as heritage value and homestead taking.
- Requires condemning authorities to pay relocation costs to persons who are displaced by eminent domain.
- Requires condemning authorities to determine blight on a parcel-by-parcel basis rather than on an area basis.
- Reforms the process of acquiring easements to give property owners increased protections.
- Creates a state office of ombudsman to assist citizens by providing free consultations and information on the eminent domain process.

Missouri's Quality Systems Assessment Program for Livestock

Under Governor Blunt's leadership, Missouri was the first state in the nation to be certified by the U.S. Department of Agriculture for a beef quality assurance program allowing producers to sell source-and-age verified cattle with third-party verification. The voluntary program allows consumers to track their beef products from farm to fork. Nearly 1,600 beef producers are enrolled in the program, earning as much as a \$40 per-head premium.

Importantly, these cattle also satisfy the export entry requirements for Asian markets. Agriculture department director Fred Ferrell traveled to Taiwan & Japan in January 2006 to promote Missouri beef. During his visit, the director encouraged Asian beef buyers to come to Missouri to examine the quality of our beef cattle. In May 2006, 16 beef buyers participated in a tour of Missouri cattle ranches. The trip was a success; partnerships are currently being developed to ship Missouri beef to Asia.

The Success of Missouri's Agricultural and Small Business Development Authority (MASBDA)

Financial assistance given to agricultural enterprises in 2006:

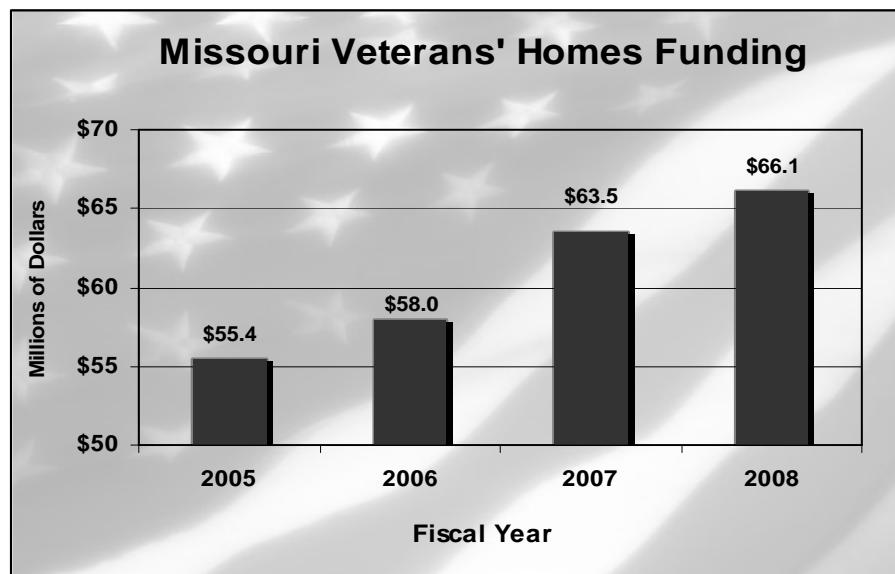
- Over \$2.3 million in loans through the Beginning Farmer Loan Program.
- Over \$1 million in loan guarantees through the Single-Purpose Animal Facilities Loan Guarantee Program.
- Over \$400,000 in loans through the Animal Waste Treatment System Loan Program.
- Over \$1.7 million in grants through the Missouri Value-Added Grant Program.
- Over \$16 million in loan guarantees through the Missouri Value-Added Loan Guarantee Program.
- Over \$4.3 million in tax credits issued through the New Generation Cooperative Incentive Tax Credit Program.
- Over \$1 million in loans through the Family Farm Breeding Livestock Program (new in 2006).

2007 / Fiscal Year 2008 Priorities

Increased Funding for Veterans' Services

To improve and sustain the quality of care and resources available to Missouri veterans, Governor Blunt recommends:

- \$5 million to maintain the quality of services provided to veterans residing in Missouri's veterans' homes.
- \$1.2 million for increased medical costs at veterans' homes.
- \$4.5 million for equipment upgrades in veterans homes throughout the state.
- \$543,721 to add Vietnam War veterans to those recognized by the state for their service to our country.



2007 Legislative Priority Military Service License Extensions

Currently, the Division of Professional Registration does not have the authority to grant license renewal extensions to all of the professions licensed by the state. Without extension authority, veterans returning from service to our country face unnecessary delays in returning to work. To help Missouri veterans reestablish themselves in the workforce as quickly and easily as possible, Governor Blunt proposes legislation that expands the license renewal extensions for professionals completing military service to include the approximately 8,500 Missouri licensed professionals not currently granted an extension in statute if they are performing military service.

2007 Legislative Priority CDL Skills Test Exemption for Qualified Military Members

Current law does not allow veterans to be given credit for the high military driving standards they have achieved. These standards usually meet or exceed state standards. To help Missouri veterans obtain high quality jobs by using their military skills at home, Governor Blunt proposes legislation that gives the Department of Revenue the authority to waive a driving skills test for any qualified military applicant, for a commercial driver license (CDL), who is currently licensed at the time of application for a CDL and meets certain other requirements.

Caring for Missouri's Veterans

"We need to honor the men and women of our armed forces and the veterans who served our country in uniform."

- Matt Blunt

2006 Successes

Providing for Missouri's Veterans' Homes

Governor Blunt is proud of the quality of care that is offered in Missouri's seven veterans' homes. In Fiscal Year 2007 he secured additional funding to continue providing high quality care; a \$202,369 increase to expand capacity, and a \$1.5 million increase for pharmaceutical costs at Missouri veterans' homes. Governor Blunt also secured pay increases for state employees in difficult-to-retain positions, which includes nurses in Missouri's veterans' homes. In Fiscal Year 2007, the budget Governor Blunt signed included pay increases of approximately 12 percent for nurses.



UPI Photo/Bill Greenblatt

Governor Blunt also increased the services available to help veterans access benefits to which they are entitled by securing \$264,697 for seven new Veterans' Service Officer staff in Fiscal Year 2007.

The Guard at Home Program

In 2006, Governor Blunt signed House Bill 1787, which established the Guard at Home Program. The program will help the families of deployed guard members and reservists who are the household's primary income earners avoid economic hardship while that person is gone. The Guard at Home Program will also assist returning members of our military in

establishing or re-establishing themselves in the civilian workforce.



The program also offers a wide range of benefits to military families, including help with child care, vocational training, job placement, and transportation. It offers a hand-up to families as they face drastic changes in their lives, and perhaps in their incomes, due to service to our country.

The Specialist Edward Lee Myers Law

In March 2006, Governor Blunt signed legislation that allowed families of military members to mourn their loved ones in peace. The law, entitled the "Specialist Edward Lee Myers' Law," protects other families from the situation that Specialist Myers' family endured when they were targeted, by a misguided group, for a protest during Specialist Myers' funeral. The new law Governor Blunt signed in March 2006 prohibited protesting before, during, and after a funeral. Governor Blunt signed clarifying legislation in July 2006, adding that a protestor must be at least 300 feet from the site of the funeral; this legislation will only become law if the first law is struck down by the courts.

This legislation sends a strong message that the General Assembly and the Governor wish to protect, support, and honor military members and their families, allowing them the respectful funeral that they deserve to honor their loved one.

2007 / Fiscal Year 2008 Priorities

Continued Good Stewardship of Taxpayer Dollars

Governor Blunt is committed to creating a state government that delivers results to the taxpayers of Missouri. The Governor's Fiscal Year 2008 budget includes several initiatives to make state government a good steward of Missourians tax dollars. The budget:

- Limits the number of state employees. For the second year in a row, the Fiscal Year 2008 budget recommends fewer than 60,000 state employees.
- Reduces the number of state employees by 13 as a result of consolidating mail services from a number of state departments into one, centralized location. Centralized mail management will reduce duplicative administrative efforts and produce savings from volume discounts.
- Consolidates facilities management functions of the executive branch into the Office of Administration. Previously, 284 staff were located in various state departments. Beginning in Fiscal Year 2008, these staff will be centralized and opportunities to streamline services will be reviewed. The consolidation will result in savings in energy costs and maintenance operations. Savings will provide additional resources to help maintain the state's investment in its property.
- Includes \$2.4 million to operate a more efficient state vehicle fleet by replacing passenger vehicles with odometer readings in excess of 150,000 miles.

Streamlining State Government

To implement additional recommendations of the Missouri State Government Review Commission and make state government more efficient and effective, Governor Blunt will issue orders to:

- Transfer the Breath Alcohol Program from the Department of Health and Senior Services to the Missouri Department of Transportation.
- Transfer the collection of surplus lines taxes paid by insurance companies from the Department of Insurance, Financial Institutions and Professional Registration to the Department of Revenue.
- Transfer the Crime Victims' Compensation Fund from the Department of Labor and Industrial Relations to the Department of Public Safety.

State Employee Compensation

Missouri state employees continue to improve the efficiency and productivity of state programs. To reward Missouri's outstanding workforce and reduce turnover in critical state positions, the Governor recommends:

- \$74.1 million for a three percent pay raise for all employees.
- \$15 million to recognize the liability of future retiree health care costs. Pre-funding this liability is key to sound financial management, protecting the state's bond rating, and ensuring compliance with Governmental Accounting Standards Board statements.
- \$754,537 to provide raises for critical state positions with high turnover rates.

Responsible Stewardship of Taxpayer Dollars

“Missourians deserve a government that is as small as possible, but one that meets their needs in an effective way and provides the best possible service.”

- Matt Blunt

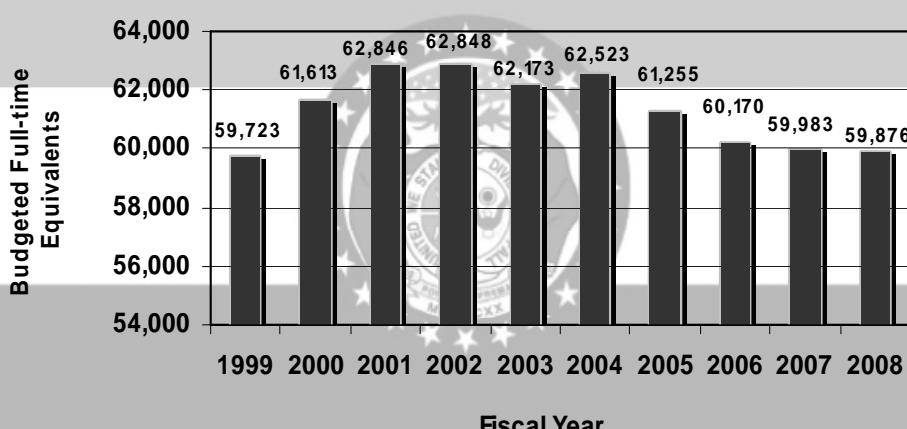
2006 Successes

Common Sense Practices Save Missouri Tax Dollars

As a candidate for Governor, Matt Blunt made a commitment that Missouri government would become more efficient and use taxpayer dollars wisely. Below is a list of just some of the common sense practices that have saved Missourians more than an estimated \$31 million during the past two years.

Governor Blunt has also reduced the size of state government. For the first time in eight years, the number of state employees is below 60,000.

State Employees



Office of Administration

- Eliminated unnecessary and unneeded lease contracts and utility expenses, saving \$1.2 million.
- Contracted select janitorial and security services, saving an estimated \$1.6 million.
- Consolidated Information Technology services, reducing assessments to state agencies for State Data Center costs by \$2.4 million in Fiscal Year 2006. Additional savings of \$835,000 resulted from renegotiating telecommunications contracts and other cost reduction measures.
- Implemented new fleet management initiatives, saving approximately \$500,000.

- Updated maintenance agreements on printers, servers, and copiers, which will save the Division of Facilities Management, Design and Construction (FMDC) approximately \$13,300 annually.
- Eliminated an unnecessary and time-consuming report in the Division of Accounting, saving \$1,000 annually.
- Reduced paperwork in FMDC related to bid documents, saving \$7,500 to \$10,000 annually.
- Entered into a fixed price contract agreement with a natural gas retailer from September to November 2006 that will save taxpayers at least \$767,759.

Estimated Total = \$7,324,559

Department of Agriculture

- Consolidated the Market Information/Outreach and Ag Business Development divisions into one division, saving staff and operating expenses of \$127,953.
- Combined the duties of the Weights and Measures Division under the management of the director of Grain Inspection and Warehousing, saving the state \$73,200.
- Redesigned the annual egg license in the Device and Commodity Inspection Program, saving \$660.
- Moved the State Milk Board from leased space to the department's building, saving \$24,982 in annual lease fees.
- Changed shipping practices for samples sent to the laboratories in the Feed and Seed Program, saving the state \$3,400.
- Took advantage of new cellular telephone plans, saving \$6,600.
- Hired retired employees, on a part-time basis, to fulfill critical functions in the Division of Animal Health, saving \$50,420.

Estimated Total = \$287,215

Department of Corrections

- Consolidated inmate education services, saving over \$1.4 million.
- Eliminated duplicative services being performed by the departments of Corrections and Mental Health, saving \$250,000.
- Utilized existing staff's expertise and knowledge in electronics, particularly for the installation of new fiber optic systems at its facilities. The department will realize a savings of more than \$1 million.

Estimated Total = \$2,650,000

Department of Economic Development

- Identified \$557,000 in savings following a quarterly operations review.
- Saved more than \$92,000 by eliminating the Arts Council's position of Assistant Director for Organizational Development, not filling other job vacancies, and eliminating the publication of *Fall Artlogue*. The Council now issues an electronic newsletter.

Estimated Total = \$649,000

Department of Health and Senior Services

- Identified \$595,000 in savings by requiring direct deposit of employee paychecks, making changes in contracts such as requiring contractors to perform work on-site, consolidating purchases and savings in administrative costs by eliminating phone lines and pagers, reducing printing and postage, and using surplus furniture.

Estimated Total = \$595,000

Department of Insurance, Financial Institutions and Professional Registration

- Consolidated consumer service functions, saving over \$67,584 annually.

Estimated Total = \$67,584

Department of Labor and Industrial Relations

- Saved \$78,151 by consolidating public employee bargaining duties previously handled by the State Board of Mediation, conducting preliminary conferences by teleconference, and decreasing travel expenditures by holding oral arguments in Jefferson City.
- Saved \$489,000 by implementing new procedures for outgoing mail and issuing common sense policies to help reduce travel expenses.
- Reduced temporary personnel costs, saving \$59,077.
- Utilized available technology to create an online reporting process, saving \$74,241.

Estimated Total = \$700,469

Department of Natural Resources

- Implemented a vehicle purchasing freeze, saving more than \$1 million.
- Saved \$13,000 by taking advantage of available postage discounts to distribute their *Missouri Resources* magazine.

Estimated Total = \$1,013,000

Department of Public Safety

- Highway Patrol - Improved efficiency with key purchases, over \$600,000 in cost and time savings.
- Water Patrol and Fire Safety - Consolidated fueling stations, saving an estimated \$18,000. An additional \$300 per year will be saved by entering into a joint contract for cleaning services.
- Veterans Commission - Saved \$480,011 in veterans' homes throughout the state in only four months.
- Water Patrol - Replaced an outdated computer system used for collecting arrest information and saved \$200,000. The patrol saved another \$175,000 with the completion of a computer-enhanced dispatch system to aid patrolmen while on the waters.
- Highway Patrol - Placed the publication *Patrol News* on the Internet and stopped mailing and printing hard copies, saving \$500 a year.
- Federal Energy Management Program - Conducted an energy audit that identified cost savings opportunities at the Kansas City Armory. A project has been completed to replace the heating, ventilation, and air conditioning (HVAC) system, office lighting, and the addition of building controls is expected to save \$18,000 a year in energy costs.
- National Guard - Contracted to buy natural gas at the Ike Skelton Training Site, saving \$22,000, annually.

Estimated Total = \$1,513,811

Department of Revenue

- Transitioned the state's 11 branch offices into contract offices, saving over \$7 million. \$3.5 million in staff and operating expenditures was saved in the second half of 2006.
- Altered mailing procedures to send postcards as notices for motor vehicle renewals, saving approximately \$500,000.
- Processed non-automated outgoing mail through the University of Missouri, saving more than \$36,000, to date.

Estimated Total = \$11,036,000

Department of Social Services

- Implemented a new fraud and abuse detection system to monitor Medicaid billing, saving \$3 million.
- Increased Children's Division federal administrative reimbursements for child welfare by \$2.6 million, annually.

Estimated Total = \$5,600,000